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UNCLAS ANKARA 007399

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [EPET](#) [PREL](#) [EFIN](#) [TU](#) [IZ](#)

SUBJECT: TURKEY RECEIVES PARTIAL PAYMENT FROM SOMO

REF: A. ANKARA 6952

[1](#)B. ANKARA 6870

SENSITIVE BUT UNCLASSIFIED

[1](#)1. (SBU) MFA confirms that on December 14 SOMO made a partial payment of \$150 million on its arrears to its Turkish fuel suppliers. Before the payment, arrears (amounts more than 45 days past due) exceeded \$600 million out of total debt of over \$800 million. With this one-quarter payment SOMO appears to have avoided (or temporarily postponed) another potential fuel product shipment stoppage, which has occurred in the past whenever arrears exceeded around \$800 million. Turkish suppliers remain frustrated about SOMO's lack of communication and stringing along of their outstanding debt (refs). Suppliers have long complained to Embassy about their inability to procure new product to ship in the face of working capital tied up in debt they are forced to hold by SOMO's nonpayment. Suppliers have pointed out that they could in fact increase their fuel shipment if there were adequate financing available.

[1](#)2. (SBU) Post has appreciated Embassy Baghdad's efforts on this issue and understands that central budget problems are the source of SOMO's untimely payment history. The next Iraqi government will have to come to terms with this issue. Despite the supportive position of the GOT and the persistence of Turkish suppliers to do business with and in Iraq, they cannot sustain fuel shipments to SOMO without timely payments.

WILSON